

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-580

January 8, 2001

PUBLIC UTILITIES COMMISSION
Investigation of Central Maine Power
Company's Revenue Requirements
and Rate Design (Phase II-B)

ORDER ON TRANSMISSION
POWER SUPPLY COST
COMPLIANCE FILING

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

Paragraph 29 of the Phase II-B Stipulation in the above-referenced matter approved by the Commission on February 24, 2000, provides that Central Maine Power Company (CMP) shall defer with carrying costs, for later offset against the Company's Asset Sale Gain Account:

Any differences between the transitional power supply projections used in determining available value in this proceeding and actual transitional power supply costs based upon actual hydro deliveries and using oil prices based upon Maine Public's W.F. Wyman buy-back arrangement with PDI New England both for W.F. Wyman Unit No. 4 and for the other oil-fired units, after adjusting for CMP's projected sulfur price differentials.

On May 15, 2000, CMP submitted a compliance filing in the above-referenced matter which updated the calculation of its transitional power supply costs to reflect actual hydro deliveries and oil prices and requested deferral treatment in accordance with the Phase II-B Stipulation. On June 12, 2000, I found that the Company's filing was not in compliance. I subsequently stated that I could not find the Company's filing to be in compliance because there was a discrepancy between the Wyman #4 oil price data that CMP submitted and the data that was provided to the Commission by Maine Public Service Company (MPS) on oil prices pursuant to MPS's buy-back arrangement with PDI New England.

On August 4, 2000, the Company submitted a filing which contained two versions of the transitional power supply calculation. The first version was based on a revised set of supply resources from those reflected in Phase II-B. Specifically, the Company, in this version, assumed that it would have made market purchases in lieu of running its Wyman units (hereinafter the "market purchase methodology"). In the second version, the Company updated its May 15, 2000 filing with corrected oil prices (referred to as the "Wyman #4 corrected methodology"). The Company indicated, at a case conference held on August 8, 2000, that it wished to present the market purchase methodology to the Commission. In a letter dated September 27, 2000 the Company stated that it had concluded, after further review, that the market purchase methodology was not

permitted under Paragraph 29 of the Stipulation. The Company, therefore, stated that it was withdrawing its market purchase methodology filing and that it would accept a finding by the Director of Technical Analysis that the Wyman #4 corrected methodology was in compliance with the Stipulation.

On October 25, 2000 the Company filed a letter clarifying the accounting adjustments to be made as a result of the Company's Wyman #4 corrected methodology. The Company stated that the January 25, 2000 Stipulation in this matter estimated transitional power supply costs to be \$45,357,000. The revised transitional power supply costs as calculated under the Wyman #4 corrected methodology were \$45,176,000. The \$181,000 difference between the estimated and actual costs has been credited to the Company's Asset Sale Gain Account and will accrue carrying costs.

Based on the information presented, I find the calculation of interim replacement costs presented in the Company's Wyman #4 corrected methodology, submitted to the Commission by way of the Company's filings of August 4, 2000, September 27, 2000 and October 25, 2000, to be in compliance with Paragraph 29 of the Phase II-B Stipulation in this matter and is thus approved.

Dated at Augusta, Maine, this 8th day of January, 2001.

BY ORDER OF THE DIRECTOR OF
TECHNICAL ANALYSIS

Faith Huntington